

August 13, 2003

Mr. Robert Harris
Regional Manager
Upper Great Plains Region
Western Area Power Administration
2099 4th Avenue North
Billings, MT 59101-1266

Re: Rate Increase

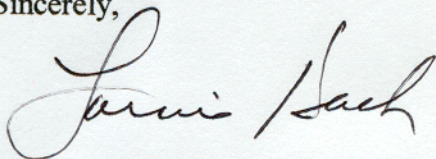
Dear Mr. Harris

It is our understanding that Western Area Power Administration has announced rate increases for firm power customers in both the Eastern and Western Divisions of the Pick-Sloan Missouri Basin Program.

The City of McLaughlin would support the two-step implementation of the new rate for the Eastern Division which would mean a 12.3% increase in January 2004, and an additional 3.3% increase in October 2004.

Thank you for considering our request.

Sincerely,



Lornie Hach
Utility Manager
City of McLaughlin